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USDOC FOR 532/OEA/LHINES/DFARROW
USDOC FOR 3132 FOR FCS/OIO REGIONAL DIRECTOR WILLIAM ZARIT
BICE FOR OFFICE OF STRATEGIC INVESTIGATIONS

SIPDIS

E.O. 12958: N/A
TAGS: [BMGT](#) [BEXP](#) [HK](#) [ETRD](#) [ETTC](#)
SUBJECT: EXTRANCHECK: POST SHIPMENT VERIFICATION: VICTORY WAVE
HOLDINGS

REF: A) USDOC 09765 B) HK 02563 C) HK 03094

¶1. Unauthorized disclosure of the information provided below is prohibited by Section 12C of the Export Administration Act.

¶2. As per reftel A request and at the direction of the Office of Enforcement Analysis (OEA) of the USDOC Bureau of Industry and Security (BIS), Export Control Officer Philip Ankel (ECO), conducted a post shipment verification (PSV) at Victory Wave Holdings, Unit 2401A Park-In Commercial Centre, 56 Dundas Street, Kowloon, Hong Kong (Victory Wave). The items in question are isolators exported to Victory Wave on or about September 27, 2007 and collectively valued at approximately USD 9,600. The items are likely not on the Commerce Control List (EAR99) and are therefore likely only controlled to restricted destinations and to restricted end-users/uses. Mica Microwave of Manteca, California was the exporter.

¶3. As further detailed in reftel B, Victory Wave is related to Hong Kong company Centre Bright. Centre Bright is included in the BIS Unverified List of companies where the U.S. government has been unable to complete a PSV or pre-license check (PLC) for reasons outside of the control of the U.S. government. Victory Wave is further related to Exodus Microelectronics Company Limited, Echelon Microsystems Limited and Omniway Technology Limited. In particular, Hong Kong resident, Wong, Yung Fai is a director of Victory Wave, Exodus, Echelon and Omniway. As further noted in reftel B, the registered addresses of Victory Wave, Exodus, Omniway and Echelon are all locations of SBC International, a business registration services provider.

¶4. On November 30, 2007, the ECO, accompanied by Commercial Assistant Carrie Chan, met with Mr. Wong at the Victory Wave registered address (which is also one of the offices of SBC International). The meeting occurred in a small conference room of SBC. ECO surmises that Mr. Wong does not have an office at this address but rather uses the services of SBC for corporate registration purposes and to hold meetings, when a meeting space is needed. Mr. Wong stated that he did not have a business card to exchange with the ECO.

¶5. Mr. Wong stated that Victory Wave is a new company established in 2007. It is involved in various communications projects. Some of those projects are in Shanghai. He stated that he has two partners in this company, both of whom are located in the mainland. The Hong Kong office operates only as a procurement base for the projects in the mainland. He stated that some procurement is also conducted from Shanghai. Mr. Wong further stated that the SBC premises are his offices and when he is in Hong Kong, he uses these premises to conduct his business.

¶6. With respect to this particular shipment, Mr. Wong stated that

Victory Wave procured these items on behalf of a Shenzhen company, Shenzhen Hongdu Industry Co. Victory Wave's Shanghai partners had referred that company to him. The items were for use in what he described as a communication project. Mr. Wong declined to provide any additional information about the end use.

¶17. As noted in reftel C, Mainland Chinese entity Hongtu Group is the holding company for a range of companies with similar names to Shenzhen Hongdu Industry Co. including Shenzhen Hongtu Hangyang Technology Co. Ltd. Those companies are involved in a range of activities including the distribution of hard to find and military electronic components and ICs.

¶18. When asked about Centre Bright, Mr. Wong stated that he is aware of the company and that it is also a sourcing company. He stated that he has no direct contact with this company. When asked whether he is familiar with Exodus, Omniway and Echelon, Mr. Wong stated that he knows nothing about these companies. He stated that Victory Wave is his only company in Hong Kong. When the ECO presented Mr. Wong with Hong Kong Company Registry printouts showing that he is the director of each of these companies, Mr. Wong conceded that he is the director of these companies. He stated that these companies are the companies of his friends. He further stated that they are not related to Centre Bright.

¶19. When asked to explain why he is the director of several companies in Hong Kong, Mr. Wong stated that each of the companies is set up to support different projects with different partners. When asked to describe those projects, Mr. Wong would only state that the projects involved system integration and refused to provide further details.

¶10. Mr. Wong stated that his mainland partners send customers to him that he services through the Hong Kong companies. He stated that Hong Kong has a reputation for quality with mainland Chinese buyers and he therefore sells product into mainland China through

Hong Kong. He further stated that Victory Wave is the primary vehicle for sourcing items outside of China. With respect to the additional companies, Mr. Wong stated that those companies source items in mainland China for resale into mainland China. He further stated that those companies never source items from the United States. Note: In fact, based on information provided by OEA, it is clear that at least Exodus also sources various components from the United States.

¶11. In light of the recent registration and business practices of Victory Wave, Exodus, Echelon and Omniway, ECO strongly suspects that these companies have been established to circumvent the listing of Centre Bright on the BIS Unverified List. ECO recommends that OEA conduct a thorough review of shipments to these companies as well as shipments to the addresses of those companies. ECO further recommends that OEA consider a review of shipments to all of the Hong Kong addresses of SBC International as ECO suspects that additional procurement entities may be using SBC addresses as their business premises (www.sbc.com.hk). ECO also recommends that Victory Wave, Exodus, Echelon and Omniway be added to the Unverified List.

Cunningham